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Efficiency: Low Momentum: Low Morale: Low

THE SUBMARINE *GATO*, WHICH STRUCK A SOVIET SUB WHILE ON A SPY MISSION
"Mischievous" was the kindest description of the disclosure.

"The CIA is broken," says a leading Administration official. That statement is undoubtedly an exaggeration, but throughout the top echelons of the U.S. Government there is a growing sense of alarm that the congressional investigations of the CIA, combined with repeated press charges and disclosures about its activities, have seriously damaged the agency's effectiveness. Morale has dropped among senior staffers, who bitterly claim they are the victims of a post-Watergate witch hunt. Old allies abroad are wary about cooperating with the CIA, fearing that their secrets will leak, or sources be compromised. U.S. intelligence operations against the Soviet Union have been harmed. Says one White House aide: "We're all paying a price."

Since its formation in 1947, the CIA has had two basic assignments: 1) to provide the Executive branch of the Government with reliable information about what is happening abroad, and 2) to influence events overseas without publicly or militarily involving the U.S.—giving the U.S. some alternative "between diplomatic protest and sending in the Marines," in the words of CIA Director William Colby.

The CIA leadership stoutly maintains that the agency is operating at 90% of its old effectiveness even after a year of investigation and publicity. Few agree with that figure. Says one senior expert on the U.S. intelligence efforts: "Their analysis is not outstanding, and their covert operations are marginal. I'd say that their B-plus grade has slipped to B-minus."

All Goosy. The President's daily intelligence summary, for example, used to come almost entirely from the CIA. Now the report draws much more heavily on material from the State Department's Bureau of Intelligence and Research, and offers fewer insights. Says one White House aide about the CIA: "They're all goosy over there, and it shows. The sense of intellectual momentum from the agency is just not there."

A similar wariness has afflicted the agency's covert and paramilitary operations. The CIA used to propose about 90% of these missions (the rest coming usually from the State Department or the National Security Council). At least twice during the past two years, Government sources claim, the CIA has played a key (but unpublicized) role in defusing potential outbreaks of war in the Middle East and the eastern Mediterranean. Now the agency's recommendations have dried up. Intelligence sources variously describe the Director-ate of Operations as "dead in the water" and "paralyzed." While CIA leaders call such characterizations overblown, other Government officials note that the agency has shown no sign of taking action, which might have been expected in the past, to restrain Portugal's lurch toward a left-wing dictatorship.

One major factor inhibiting the CIA is the assignment of responsibility for "black" operations. According to long-established practice, a CIA operation has to be planned in consultation with the Assistant Secretary of State who deals with the part of the world where the plan would go into effect. Understandably, the assistant secretaries are now wary of supporting such operations; they are afraid that some day they may have to testify about them before a congressional committee. As one high-level source puts it: "There is inevitably a good deal of bureaucratic ass-covering going on."

More important, however, is a new set of ground rules that assigns responsibility to the White House. In the past, the formal responsibility was assumed by a small group of top intelligence, defense and foreign affairs officials known as the "40 Committee" and headed by Henry Kissinger. Presidents have almost always given their direct authorization for covert operations abroad (although their roles in the agency's various alleged schemes for assassinations are still far from clear), but they could always avoid personal blame if a secret operation was "blown" by disclosure. This insulating of the President is of course one of the factors that is now frustrating the Church committee's efforts to find out exactly who authorized what. The main purpose was to avoid international confrontations. When the U.S. efforts to raise a Soviet submarine from the Pacific were revealed by the press last March (TIME, March 31), for example, President Gerald Ford made no comment upon the affair and thus made it unnecessary for the Soviet Union to act indignant.

This delicate system, to preserve the President's "deniability," was upset by Congress last December when it approved a measure ordering the President himself to certify that any proposed operation "is important to the national security of the U.S.," and to report on the mission "to the appropriate committee of Congress." With the responsibility now clearly his and his alone, any President is going to think twice before approving a risky covert operation, however necessary he may deem it to be.

Holding Back. This increasingly public aspect of traditionally secret operations has changed U.S. relations with both friends and adversaries. There is evidence of increasing reluctance on the part of allies to share secrets with the CIA. Says Ray Cline, the agency's former deputy director for intelligence and now a director of Georgetown University's Center for Strategic and International Studies: "In the old days, people in allied outfits competed with each other to have a close relationship with the CIA because it cast credit on them with their bosses. But now a close relationship can be more of a liability. Our friends are definitely worried and scared. If they have something sensitive, they're concerned that it might come out when they share it with us. As a result, they're holding back, and frankly, I don't blame them."

For the Soviets, of course, the trend toward exposing the CIA is priceless. According to Dr. Albert Hall, Assistant Secretary of Defense for Intelligence, it has become easier for the Kremlin to take countermeasures "to deny us information we need and have come to count on." Dr. Hall refuses to name a specific example, but other top-level sources cite one. On May 25, the New York *Times* revealed that U.S. submarines, specially equipped with elec-

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tronic spying gear and operating under the code name Holystone, had been monitoring Soviet missile activities for 15 years, sometimes within Russian territorial waters. As a result of that story, U.S. officials say, the Kremlin stopped Holystone by planting some underwater mines and erecting jamming and shielding devices around the targets. The *Times* report infuriated U.S. intelligence officials—"mischievous" was about the kindest description of it. One baffled Soviet diplomat shook his head over a Bloody Mary in Washington and commented that the relationship between the American press and the American Government was "anarchy." Jokes Cline: "The only unrestricted intelligence organization in this country is the American press."

Looking ahead, U.S. intelligence officials are worried that the curtailing of the CIA will jeopardize the Government's ability to monitor Soviet compliance—or noncompliance—with arms-control agreements. (Observation satellites, although extremely helpful, do not reveal all.) Says Dr. Fred Ikle, director of the Arms Control and Disarmament Agency: "More and more, imaginative and occasionally daring operations are necessary—unless, of course, the Soviet Union becomes a more open society."

Sharp Split. Within the organization itself, the charges that the CIA has illegally conducted surveillance of Americans at home and been involved in assassination and undercover plots abroad have created a sharp split among agency personnel. Attending staff meetings, Director Colby has found himself subjected to anguished questions by two groups of subordinates. Some CIA men and women—mostly young intelligence analysts—are as outraged as the editorial writers and congressional critics about the agency's transgressions. In contrast, the people in operations —mostly veterans of the early days of the cold war—feel that the agency is being unfairly attacked for carrying out orders emanating from the White House. Asks one oldtimer: "Do you mean to tell us you're going to send us to jail for doing our patriotic duty?"

The differences between the two groups were sharply revealed when staffers gathered in a CIA auditorium last spring to watch a videotape of an interview in Canada with former Agent Philip Agee, who quit the agency to write an exposé of the CIA (*see* BOOKS). After the screening, a lively debate broke out between those who felt that some of Agee's charges were well founded and those who denounced him as a contemptible traitor.

As the furor continues, the White House is trying to decide how to reform the CIA without ruining it. Essentially, the President and his close advisers believe that the agency should be maintained in its present general form and have the capability to mount covert operations. The Administration is not likely to accept the advice of former Defense Secretary Clark Clifford and others who argue that the CIA should be split into two separate units: one for intelligence gathering and one for covert operations. White House officials believe that this could be inefficient, since the two functions often involve the same agents. In addition, there is the fear that putting operations under a separate and smaller agency might bring them too close to Pentagon influence.

Public Budget. The goals of the White House are to restore public confidence in the functions of the intelligence agency and establish an effective congressional watchdog organization. President Ford, say his top aides, now favors the creation of a special joint committee, drawing members from both the House and Senate, that would have the power—still not spelled out —to oversee the operations of the CIA. Such a step was recommended by both the Rockefeller Commission, which looked into the domestic transgressions of the CIA, and a blue-ribbon commission on foreign policy that was created by President Richard Nixon and headed by Robert D. Murphy, a former Under Secretary of State.

CIA DIRECTOR WILLIAM COLBY
He inherited the skeletons.

Also under consideration by the White House is a Rockefeller suggestion that at least part of the CIA budget should be made public; it is now entirely hidden in the nooks and crannies of other agencies' appropriations. Furthermore, the President is mulling over a recommendation made by both the Rockefeller and Murphy commissions that, as a general rule, the director of the CIA should be chosen from outside the agency—a point that is agreed upon in principle by none other than Director Colby, 55, the archetypal insider at the agency.

Colby's experience has been almost entirely in the covert field from the time he parachuted into France in 1943 to lead an underground operation until he served as head of the CIA's plans, a job he left to become director in June 1973, just a year before the roof fell in. Since the beginning of 1975, Colby has had to spend most of his working hours coping with the criticisms of the organization. He has testified 36 times this year before a variety of congressional committees,* maintaining his poise admirably and replying frankly to hostile questions. Indeed, Colby is being criticized privately at the highest levels of the Government for being needlessly apologetic. One senior official characterizes him as "the kind of guy who, when he is given a parking ticket, admits to seven felonies."

Sooner or later, quite possibly by the end of this year, Colby seems certain to be asked to leave—a fate that he accepts philosophically. Says one White House aide: "He inherited all the skeletons in the closet and issued all the corrective memoranda, but that's not going to make him any less expendable. He should be allowed to see the investigation through, then retire with honor."

Tough Questions. The search for Colby's successor as director is already quietly under way. One prime possibility is Elliot Richardson, now the U.S. Ambassador to Great Britain, formerly Under Secretary of State, Secretary of Defense and Attorney General. Richardson earned a national reputation for probity when he quit as Attorney General during Richard Nixon's Saturday Night Massacre rather than accede to demands to take the pressure off the Watergate investigation. Other names being mentioned: former Treasury Secretary George Shultz, former Assistant Attorney General William Ruckelshaus and former Deputy Defense Secretary Cyrus Vance. Whoever is chosen is likely to face tough questioning during his confirmation hearings. "There will be one hell of a fight and an attempt to tie him down," predicts a senior policymaker.

But finding the right man for the top job will be only part of the answer to the fundamental question of what kind of a clandestine operation the U.S. is prepared to conduct: How dirty should the dirty tricks be? The Hill and the White House will have to come to a basic accord on the matter, then work out a reasonable way for Congress to monitor the work of the agency. Until this happens, the CIA will continue to be a badly shaken organization working below its potential to serve the nation.

*The agency is also defending itself against 13 lawsuits aimed at prying out information. In addition, because of the new Freedom of Information Act, it has had to answer nearly 4,500 requests from individuals and organizations demanding copies of any information about themselves in CIA files (in 90% of the cases, there is none).